

EUROPEAN ECONOMY

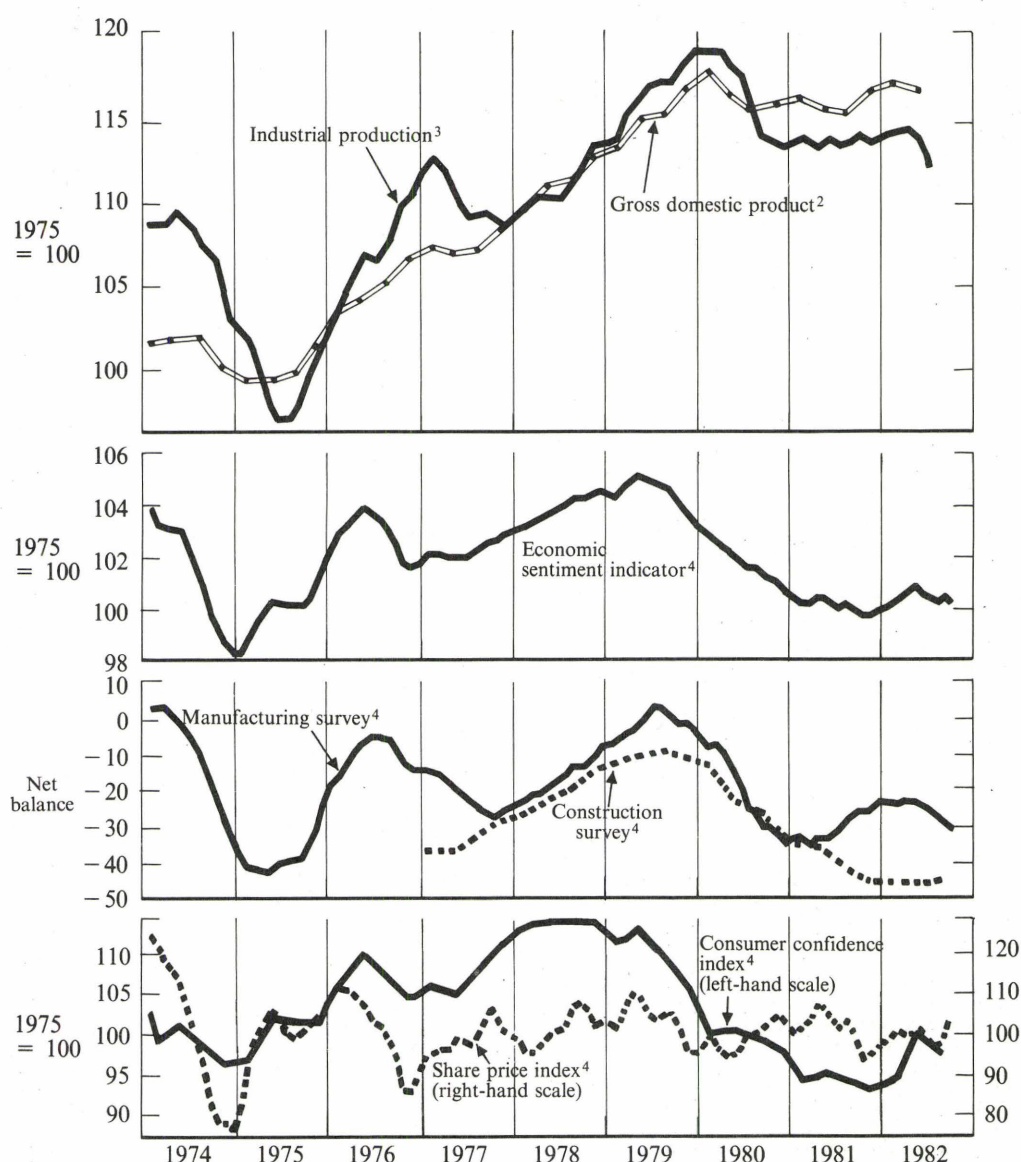
COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

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Supplement B

Economic prospects - business survey results

GRAPH 1: Indicators of output and economic sentiment - European Community¹



For footnotes, see Graph 2.

Indicators of economic sentiment suggest continuing recessionary tendencies. — At a time when industrial production in the Community has been falling again, according to the latest figures available (August), to a level lower than at any stage of the current recession (see Graph 1 and Table 1), indicators of economic opinion suggest that prospects for an early recovery of economic activity are weak.

During the first five months of 1982, the *economic sentiment indicator* (shown for the Community and four Member States in Graphs 1 and 2) improved steadily, suggesting an approaching end to the current recession. However, in subsequent months the indicator fell again to a level close to that reached at the beginning of the year. Although in September sentiment improved slightly as compared to August, this was offset by a fall in October. It would seem, therefore, that no significant growth of output can now be expected for the second half of 1982.

Looking at the component series of the economic sentiment indicator (Graph 1 and Table 1), it can be seen that the various groups of economic agents hold, at times, divergent views on the economic and business situation. During 1981, for example, the survey of manufacturing industry in the Community registered a certain recovery of optimism (or at least a lesser degree of pessimism) concerning trends of output, order-books and stocks of finished products; however, in the same period, there was growing pessimism in the construction industry and among consumers. The opinions of industrialists in the manufacturing sector stabilized during the first five months of 1982 and then deteriorated between June and October, thus re-establishing a consensus of views with the construction sector and consumers.

Note to readers

This issue of 'European Economy' — Supplement B presents for the first time a composite indicator of European economic opinion and expectations. It is based on the business and consumer surveys carried out in the Member States, under the aegis of the Commission, and on share price indices. The construction of the indicator is described in a technical note on the facing page.

This new measure, which will be referred to as the 'Economic sentiment indicator', contributes in two ways to the understanding of short-term economic developments. In the first place, it describes variations in the economic expectations of a wide range of economic agents — specifically, of consumers, heads of construction and industrial firms and, through variations in share prices, of investors in the stock exchanges. The economic expectations of such agents are recognized, in contemporary economic theory, as playing a significant role in determining economic activity (output, income, expenditure). The second contribution of the economic sentiment indicator to the understanding of short-term trends is that of a leading or advance indicator of economic recessions and recoveries. Precisely because expectations help to determine the production and expenditure decisions of economic agents, the observation of changes in public opinion on economic matters can help to forecast changes in general economic trends. As indicated in Graph 1, periods of strong growth of output in the Community, for example from the second half of 1975 to the end of 1976 and, later, in 1978/79, were preceded approximately six months earlier by consistent improvements in business and consumer confidence, as monitored by the Commission's economic sentiment indicator. The new indicator will, therefore, be presented regularly in this Supplement to the 'European Economy' series.

Since May 1982, the net balance of opinion on future production trends in manufacturing industry has deteriorated by 15 percentage points (see Table 3), a more pronounced decline than that observed before the 1974/75 and 1980/82 recessions. Judgments on the level of total order-books and on stocks of finished products have weakened noticeably less than production expectations but export orders are considered to have substantially weakened in recent months. It would seem, therefore, that weak foreign demand combined, perhaps, with a loss of confidence in the general possibilities for economic recovery are responsible for the recent further decline in the production outlook for manufacturing industry. Respondents in the construction survey have continued, in 1982, as in 1981, to show a lack of confidence in the economic environment, notably with respect to order-books and employment prospects.

Consumers' views on economic and financial conditions improved markedly in the second quarter of 1982, as compared to the first, but limited results for the third quarter (available only for the Federal Republic of Germany, Italy and the United Kingdom) show a renewed decline in confidence. Although somewhat erratic, the share price index for the Community has, on a ratio-to-trend basis, recorded an increase during 1982 as compared with the low level of the fourth quarter of 1981.

Recent trends of economic opinion in Member States

Federal Republic of Germany. — Between March and September 1982, the index of German industrial production fell sharply (by 5.5% on the basis of 3-month moving averages). This rate of decline is comparable with those experienced in the recession periods of 1974 and 1980, although it remains to be seen if its duration will also be comparable (the earlier declines in the index lasted 12 months and 9 months, respectively). The economic sentiment indicator in the Federal Republic of Germany fell, in general, during 1981 but rose sharply in March and April 1982, suggesting the start of a recovery. Between May and October 1982, however, the indicator fell again, so that no early rise in output now appears likely.

The weakening of economic sentiment in 1981, as reflected in the economic sentiment indicator, was due principally to more pessimistic views expressed by consumers and chief executives in the construction sector. Improvements in the views of both these groups earlier in 1982, together with higher share prices, led to the improvement in the sentiment indicator observed at that time, though the confidence of chief executives in manufacturing industry showed little change. The worsening of

sentiment concerning the economic situation which has become evident in Germany in the second half of this year is attributable to all four groups of economic agents (consumers, chief executives in industry and construction, and stock exchange participants) whose views are reflected in the composite indicator.

The October results of the business survey in the German manufacturing sector confirm the recent decline in confidence. The net balance of chief executives expecting industrial production to fall in the next three or four months rose by 2 percentage points and the worsening of the German industrial production outlook, so measured, has been some 14 percentage points since July 1982. There was, however, no further deterioration in judgments on total order-books in October, and opinion on export order-books improved somewhat (by 4 percentage points) following the marked deterioration of earlier months.

France. — The recent trend in industrial production in France has also been negative. However, in France the index has been falling for a longer period — with some irregularity, since December 1981. The broader measure of production, gross domestic product, increased in France, in the second quarter of 1982. It remains to be seen whether this divergence between industrial production and gross domestic product is reduced by later data revisions or reflects real differences in the rates of expansion of various sectors of the economy.

The recent trend of the economic sentiment indicator is closer to that of industrial production than that of GDP, but is somewhat volatile. Thus, business surveys in France have recorded declines in confidence in both the manufacturing and construction sectors during 1982. Chief executives in the manufacturing sector, in particular, became distinctly pessimistic in September and October concerning the short-term prospects for production (there has been a deterioration of 14 percentage points in the net balance on the industrial production outlook question since July). Total order-book judgments in French manufacturing recovered somewhat in October from the weak September result (an improvement of 5 percentage points, as between the two months) while finished stocks in industry are judged to be somewhat less excessive than in mid-year (see Table 3). The latest French consumer survey, for the second quarter of 1982, shows an improvement in consumer confidence as compared to the first quarter. No clear pattern can be derived from the recent erratic movements of the French share price index.

Italy. — Over the last two years, industrial production and gross domestic product have fluctuated to such an extent in Italy that it is difficult to assess the cyclical situation in that country. In both series there appears to be a seasonal pattern, in the form of relatively high first and second quarters, which has not been removed by the usual seasonal adjustment procedures. Nevertheless, the prevailing trends in Italy now indicate a rather sharp fall in production.

The economic sentiment indicator fell gradually during most of 1981, recovered around the turn of the year but since then has been tending downwards. This is consistent with the underlying decline observed in industrial production since April 1982.

Looking at the components of the economic sentiment indicator, the surveys of manufacturing industry and of consumers appear to exhibit more cyclical and less volatile characteristics than the output series. Survey respondents in manufacturing have been expressing pessimistic views on the business situation for the last 18 months but there has been a particularly sharp decline in industrial production expectations (–20 percentage points) since June 1982. Consumers became more optimistic during the first half of the current year but their confidence weakened in the third quarter. Business opinion in the construction sector, despite some irregularity, moved lower from mid-1981 to mid-1982 and the Italian share price index has also fallen.

United Kingdom. — Output in the UK has risen, though very slowly, since early 1981, following 18 months of marked decline in 1979 and 1980. The index of industrial production (on a 3-month moving average basis) fell slightly between May and August 1982 but it is too early to judge whether this represents merely a fluctuation in the moderately rising trend or the beginning of a more pronounced weakening of production as has occurred in the Federal Republic of Germany and France.

The UK economic sentiment indicator has been rising during 1982, suggesting that the drop in production is only a temporary phenomenon. Of the various groups whose opinions are reflected in the sentiment indicator, industrialists in manufacturing have held relatively stable views on the business situation during the current year, though production expectations have deteriorated somewhat since July (the net balance of responses to this survey question fell by 7 percentage points between July and October 1982). However, order-book and stock assessments improved slightly in October (by 2 percentage points in each case — see Table 3). Heads of UK construction enterprises have become less pessimistic, following the low point in their responses in the third quarter 1981. Consumers became considerably more optimistic in the second quarter of 1982, but their confidence weakened slightly in the third quarter. UK share prices have also moved upwards during the current year.

Business survey results in the other Member States. — The industrial outlook in the Netherlands improved slightly in October, according to the business climate indicator (see Table 3), for the second consecutive month. This reflects better assessments of production expectations and of stocks of finished products on the part of Dutch industrialists. Views on the state of order-books also improved. In Belgium there was a sharp deterioration (by 5 percentage points) in the October business climate, the fourth consecutive fall. The production outlook was markedly worse and stocks of finished products were more widely considered to be above normal. However, judgments on order-books in Belgian industry were slightly more optimistic. In Luxembourg industrialists were generally less pessimistic in October, notably with respect to the production outlook. The business climate also improved in Ireland in October, following the sharp deterioration in September. Stocks of finished products were judged less excessive, while order-book assessments and production expectations were also more favourable.

Brussels, 15 November 1982.

TABLE 2: Indicators of output and economic sentiment
Federal Republic of Germany

		1974	1975	1976	1977	1978	1979	1980	1981	1982	
Gross domestic products⁵ 1975=100											
year		101,8	100,0	105,3	108,3	112,1	117,1	119,2	118,8		:
quarter	I	102,4	99,0	104,3	107,8	109,9	114,7	121,0	118,8	118,9	:
	II	102,1	99,0	104,9	107,6	111,7	116,9	118,9	118,2	118,4	:
	III	102,2	99,9	105,4	108,0	112,8	117,8	118,6	119,0		:
	IV	100,3	102,1	106,5	109,7	114,1	118,9	118,2	119,1		:
Index of industrial production 1975=100											
year		105,8	100,0	107,8	110,9	113,0	118,7	118,8	117,3		:
quarter	I	107,4	99,4	105,5	111,5	111,2	115,6	121,7	118,2	118,1	:
	II	107,7	98,5	107,7	110,2	111,5	118,5	119,8	117,2	116,3	:
	III	106,1	99,4	108,3	110,2	114,1	120,1	117,2	116,9	111,9	:
	IV	102,0	102,6	109,6	111,5	115,3	120,4	116,6	116,7		:
month	1	107,7	99,1	103,9	111,5	113,4	115,3	121,0	115,3	116,7	:
	2	107,7	99,1	106,8	110,6	110,6	114,4	122,0	121,0	118,9	:
	3	106,8	100,1	105,8	112,5	109,6	117,2	122,0	118,2	118,7	:
	4	107,7	99,1	106,8	110,6	111,5	117,2	121,0	118,2	117,7	:
	5	108,7	98,2	107,7	109,6	110,6	119,1	119,1	118,2	116,7	:
	6	106,8	98,2	108,7	110,6	112,5	119,1	119,1	115,3	114,5	:
	7	108,7	98,2	107,7	109,6	114,4	123,0	119,1	116,3	110,1	:
	8	104,8	100,1	107,7	110,6	113,4	118,2	116,3	116,3	114,5	:
	9	104,8	100,1	109,6	110,6	114,4	119,1	116,3	118,2	111,2	:
	10	103,9	102,0	109,6	110,6	115,3	120,1	118,2	118,2		:
	11	102,9	102,9	109,6	110,6	115,3	121,0	116,3	116,3		:
	12	99,1	102,9	109,6	113,4	115,3	120,1	115,3	115,5		:
Economic sentiment indicator³ 1975=100											
year		99,7	100,0	102,6	101,6	102,7	103,7	101,5	99,0		:
quarter	I	99,8	99,2	102,3	101,7	102,0	103,9	102,3	99,7	98,7	:
	II	100,2	99,8	102,8	101,4	102,2	104,0	102,1	99,2	99,4	:
	III	99,6	100,0	102,8	101,4	103,0	103,8	101,4	98,8	98,4	:
	IV	99,1	101,0	102,4	101,8	103,7	103,0	100,4	98,6		:
month	1	99,7	99,0	102,2	102,0	101,8	103,9	102,0	99,6	98,5	:
	2	99,8	99,2	102,3	101,7	102,0	103,8	102,5	99,3	98,6	:
	3	99,9	99,5	102,4	101,4	102,0	104,0	102,3	99,0	99,1	:
	4	100,1	99,7	102,7	101,4	102,1	104,1	102,2	99,2	99,4	:
	5	100,4	99,9	102,7	101,5	102,2	104,0	102,1	99,3	99,4	:
	6	100,0	99,8	102,8	101,4	102,3	103,8	101,8	99,1	99,4	:
	7	99,7	99,9	102,8	101,4	102,6	103,8	101,4	99,2	98,8	:
	8	99,6	100,0	102,9	101,4	103,0	103,7	101,5	98,5	98,3	:
	9	99,5	100,0	102,7	101,5	103,2	103,7	101,3	98,6	98,0	:
	10	99,1	100,2	102,5	101,7	103,6	103,2	101,1	98,9	98,4	:
	11	99,0	101,1	102,3	101,7	103,6	103,1	100,2	98,4		:
	12	99,1	101,6	102,2	101,8	103,8	102,5	100,0	98,6		:
Manufacturing industry, survey results³											
year		-21	-39	-13	-21	-20	-4	-14	-30		:
quarter	I	-12	-42	-17	-14	-23	-9	-5	-29	-28	:
	II	-16	-46	-13	-21	-24	-4	-8	-31	-30	:
	III	-23	-41	-12	-25	-20	-1	-20	-29	-35	:
	IV	-32	-27	-11	-23	-14	-3	-24	-28		:
month	1	-11	-38	-18	-12	-23	-10	-5	-27	-27	:
	2	-12	-43	-17	-13	-22	-10	-5	-31	-28	:
	3	-12	-44	-16	-18	-23	-7	-5	-31	-29	:
	4	-13	-46	-14	-21	-24	-6	-5	-31	-28	:
	5	-15	-47	-13	-21	-23	-5	-7	-31	-30	:
	6	-18	-45	-12	-22	-24	-1	-11	-32	-32	:
	7	-21	-44	-12	-23	-21	0	-18	-30	-32	:
	8	-24	-41	-10	-26	-20	2	-19	-30	-34	:
	9	-24	-38	-13	-26	-19	-1	-22	-28	-38	:
	10	-30	-33	-12	-24	-16	-4	-21	-28	-38	:
	11	-33	-27	-11	-24	-15	-2	-24	-29		:
	12	-33	-22	-11	-22	-11	-2	-28	-28		:
Construction industry, survey results³											
year		-59	-51	-34	-40	-14	1	-18	-48		:
quarter	I	-59	-61	-37	-45	-24	3	-4	-37	-60	:
	II	-65	-62	-37	-46	-17	5	-14	-42	-56	:
	III	-61	-45	-28	-40	-11	-3	-23	-53	-57	:
	IV	-54	-35	-33	-29	-2	-1	-31	-61		:
month	1	-52	-55	-33	-41	-28	1	-2	-37	-63	:
	2	-61	-62	-40	-47	-24	4	-4	-36	-60	:
	3	-63	-67	-40	-49	-22	6	-7	-37	-58	:
	4	-70	-70	-43	-49	-20	10	-8	-39	-58	:
	5	-62	-62	-37	-46	-16	6	-16	-43	-56	:
	6	-63	-54	-32	-44	-16	1	-20	-47	-54	:
	7	-61	-48	-29	-43	-17	-1	-22	-47	-53	:
	8	-64	-47	-27	-40	-8	-3	-25	-52	-59	:
	9	-58	-42	-28	-37	-10	-4	-24	-59	-59	:
	10	-56	-39	-30	-32	-6	-1	-29	-62	-61	:
	11	-53	-32	-35	-31	-2	-2	-31	-62		:
	12	-53	-34	-36	-26	1	-2	-34	-60		:
Consumer confidence index^{3,4} 1975=100											
year		92	100	111	106	111	111	98	83		:
quarter	I	87	96	108	107	107	114	99	86	81	:
	II	94	103	111	105	109	114	100	84	87	:
	III	94	101	112	106	112	110	100	81	81	:
	IV	93	101	111	107	114	105	94	81		:
month	1							97	88	80	:
	2							100	87	80	:
	3							101	84	83	:
	4							100	84	86	:
	5							101	86	88	:
	6							100	84	89	:
	7							98	84	84	:
	8							100	78	81	:
	9							100	80	82	:
	10							98	84	82	:
	11							91	79		:
	12							92	81		:
Share price index³ 1975=100											
year		87	100	108	108	116	113	106	109		:
quarter	I	91	95	112	104	114	119	106	105	108	:
	II	91	101	111	109	112	112	104	111	109	:
	III	84	99	107	109	118	112	108	112	105	:
	IV	83	105	102	112	121	108	106	107		:
month	1	91	89	112	105	113	122	105	105	106	:
	2	91	95	112	104	115	118	110	104	108	:
	3	89	101	111	103	114	117	105	106	110	:
	4	92	104	115	108	113	116	103	110	111	:
	5	92	100	109	110	111	112	104	110	109	:
	6	88	97	110	108	114	109	106	113	107	:
	7	85	99	108	108	115	109	109	114	105	:
	8	86	101	106	110	118	112	109	114	104	:
	9	83	98	106	110	121	113	107	109	107	:
	10	80	101	101	111	123	111	108	107		:
	11	82	106	101	113	120	106	105	106		:
	12	86	108	103	111	120	106	105	107		:

France

		1974	1975	1976	1977	1978	1979	1980	1981	1982
Gross domestic product 1975=100										
year		100,1	100,0	105,2	108,3	112,6	116,9	118,6	118,9	:
quarter	I	99,7	98,5	103,6	108,0	110,6	114,9	119,1	117,3	119,8
	II	100,5	99,1	104,7	107,6	112,8	115,8	118,4	118,8	121,0
	III	101,0	100,4	105,8	108,6	112,5	118,1	118,4	119,5	:
	IV	99,1	102,0	106,7	108,9	114,6	118,6	118,4	120,0	:
Index of industrial production 1975=100										
year		109,8	100,0	109,8	112,0	114,3	119,4	118,1	115,5	:
quarter	I	110,8	100,9	106,2	114,4	112,3	116,7	120,6	114,4	113,8
	II	111,5	98,6	108,5	111,7	114,7	118,2	118,2	115,3	114,7
	III	112,0	98,3	112,4	111,4	113,5	122,7	117,3	115,3	:
	IV	104,9	102,2	112,0	110,5	116,7	120,0	116,1	117,0	:
month	1	111,2	101,3	106,3	114,7	112,0	115,5	120,9	112,9	113,8
	2	111,6	101,3	105,8	113,8	112,0	116,4	120,0	115,5	112,9
	3	109,7	100,0	106,7	114,7	112,9	118,2	120,9	114,7	114,7
	4	111,0	99,6	108,7	111,1	117,3	116,4	120,0	113,8	113,5
	5	112,3	98,5	108,4	110,2	114,7	119,1	117,3	115,5	115,5
	6	111,1	99,5	108,4	113,8	112,0	119,1	117,3	116,4	114,7
	7	113,6	97,9	111,1	111,1	112,9	123,5	119,1	114,7	111,1
	8	113,6	97,9	111,1	111,1	112,9	123,5	119,1	114,7	111,1
	9	108,8	99,0	115,0	112,0	114,7	120,9	113,8	116,4	:
	10	108,2	101,1	110,2	110,2	116,4	120,0	115,5	116,4	:
	11	104,4	100,7	114,2	112,0	116,4	119,1	114,7	116,4	:
	12	102,1	104,9	111,6	109,3	117,3	120,9	118,2	118,2	:
Economic sentiment indicator ³ 1975=100										
year		102,0	100,0	104,2	99,7	101,6	102,4	100,9	98,7	:
quarter	I	104,8	98,8	104,9	101,5	100,1	101,6	102,5	98,5	99,9
	II	104,4	99,3	105,8	98,9	101,9	101,8	101,5	98,5	99,7
	III	101,4	99,6	104,3	98,8	102,1	103,1	100,4	98,9	98,8
	IV	97,5	102,3	101,9	99,6	102,2	103,3	99,4	99,0	:
month	1	105,6	98,6	104,3	102,1	99,5	101,8	103,0	98,5	100,1
	2	104,5	99,0	105,1	101,6	99,8	101,5	102,5	98,4	100,4
	3	104,4	99,0	105,4	100,7	101,0	101,5	102,0	98,8	99,1
	4	104,6	99,4	105,6	99,4	102,0	101,7	101,6	99,0	100,0
	5	104,8	99,3	105,9	98,5	102,0	101,6	101,6	98,6	100,0
	6	103,8	99,1	105,7	98,9	101,8	102,1	101,3	98,0	99,2
	7	103,1	99,3	104,7	98,5	102,0	102,7	100,7	98,7	99,2
	8	101,7	99,7	104,3	98,8	101,9	103,1	100,4	99,0	99,0
	9	99,3	99,9	103,9	99,2	102,3	103,5	99,9	99,0	98,6
	10	98,1	100,8	102,4	99,6	102,2	103,3	99,8	98,8	98,7
	11	96,9	102,4	101,4	99,6	102,2	103,5	99,5	99,1	:
	12	97,3	103,6	101,8	99,5	102,2	103,1	98,9	99,3	:
Manufacturing industry, survey results ³										
year		2	-39	-3	-21	-17	-2	-15	-30	:
quarter	I	15	-37	-8	-10	-24	-7	1	-34	-15
	II	12	-46	2	-19	-17	-4	-7	-38	-13
	III	4	-46	0	-26	-17	1	-21	-30	-18
	IV	-22	-26	-7	-27	-9	3	-32	-20	:
month	1	15	-33	-12	-8	-26	-8	2	-31	-15
	2	16	-36	-8	-12	-24	-6	-1	-33	-16
	3	15	-43	-5	-10	-21	-7	-2	-37	-14
	4	13	-46	-2	-15	-15	-6	-5	-37	-12
	5	12	-45	5	-21	-18	-4	-7	-37	-12
	6	12	-46	5	-22	-18	-3	-11	-38	-15
	7	9	-47	0	-26	-19	-2	-16	-33	-16
	8	5	-47	0	-27	-18	-1	-21	-30	-18
	9	-3	-45	1	-26	-16	-1	-26	-26	-20
	10	-15	-38	-4	-25	-11	2	-30	-23	-20
	11	-23	-25	-8	-28	-9	2	-31	-19	-20
	12	-28	-15	-9	-28	-7	4	-35	-18	:
Construction industry, survey results ³										
year		:	:	:	-40	-37	-26	-21	-36	:
quarter	I	:	:	:	-31	-44	-32	-17	-32	-45
	II	:	:	:	-41	-34	-32	-20	-33	-49
	III	:	:	:	-45	-36	-21	-21	-37	-50
	IV	:	:	:	-44	-35	-17	-26	-41	:
Consumer confidence index ^{3, 4} 1975=100										
year		97	100	102	99	101	96	91	93	:
quarter	I	98	98	103	100	103	97	91	89	98
	II	101	100	105	96	103	96	90	95	98
	III	97	101	102	99	101	95	90	95	:
	IV	92	102	99	101	99	95	90	94	:
Share price index ³ 1975=100										
year		94	100	99	80	104	123	142	125	:
quarter	I	113	95	110	82	80	109	140	140	123
	II	98	100	104	74	100	117	139	120	126
	III	84	100	97	79	117	133	141	122	117
	IV	79	105	85	83	119	132	150	118	:
month	1	120	93	108	87	73	113	144	131	131
	2	114	92	113	83	76	105	146	142	136
	3	105	99	110	77	90	110	130	147	102
	4	103	107	106	70	99	115	133	138	131
	5	100	99	104	73	101	114	142	114	130
	6	92	95	102	79	102	121	142	107	118
	7	93	98	98	76	113	122	140	119	114
	8	86	103	99	80	113	132	141	125	119
	9	72	101	95	83	125	146	143	124	118
	10	79	103	85	84	120	132	153	115	120
	11	78	106	82	84	117	133	151	119	:
	12	81	105	87	80	119	131	145	120	:

TABLE 2: Indicators of output and economic sentiment

Italy

		1974	1975	1976	1977	1978	1979	1980	1981	1982
Gross domestic product 1975 = 100										
year		95.5	100.0	105.9	107.9	110.8	116.2	120.8	120.6	
quarter	I	96.4	99.9	103.5	109.3	109.2	114.9	122.6	121.8	123.3
	II	97.0	99.0	105.4	107.5	109.7	114.1	121.6	120.5	121.4
	III	95.5	99.7	105.9	107.3	110.6	115.5	118.2	118.5	
	IV	93.1	101.5	108.6	107.5	113.6	120.1	120.9	121.5	
Index of industrial production 1975 = 100										
year		110.1	100.0	112.4	113.6	115.8	123.3	130.4	126.8	
quarter	I	112.7	100.7	106.7	118.7	114.5	123.1	136.5	130.6	132.0
	II	113.9	97.4	111.4	112.8	113.6	119.2	132.9	126.9	126.9
	III	111.4	99.8	113.3	112.5	114.1	120.8	122.8	121.6	
	IV	102.4	102.1	118.3	110.5	121.1	130.2	129.3	128.1	
month	1	114.8	101.1	103.0	119.2	113.3	120.3	133.1	124.7	126.8
	2	110.8	102.6	108.1	118.0	115.1	126.1	138.8	134.0	136.8
	3	112.5	98.4	108.9	119.0	115.0	122.8	137.6	133.1	132.5
	4	115.5	99.9	109.6	112.3	113.1	123.5	138.8	132.0	132.0
	5	112.4	93.6	113.3	115.9	113.3	119.7	127.9	124.2	127.4
	6	113.8	98.6	111.4	110.2	114.5	114.3	131.9	124.5	121.2
	7	112.0	100.5	113.2	111.1	113.8	118.5	130.2	128.3	123.9
	8	110.2	99.5	111.2	112.5	113.2	118.3	111.5	108.1	99.9
	9	112.1	99.4	115.6	113.9	115.2	125.6	126.7	128.5	
	10	106.8	101.8	114.3	111.0	121.6	130.3	128.4	124.9	
	11	101.0	102.9	118.5	111.9	121.9	131.0	133.7	133.7	
	12	99.5	101.7	122.2	108.7	119.7	129.3	125.7	125.7	
Economic sentiment indicator ³ 1975 = 100										
year		102.7	100.0	100.8	101.2	103.3	105.2	104.1	104.4	
quarter	I	105.1	98.6	100.5	101.3	101.5	105.6	103.8	104.9	105.6
	II	104.4	100.8	100.8	100.8	102.4	105.1	104.4	104.7	105.5
	III	102.0	100.3	101.2	101.3	103.7	105.4	104.0	104.0	105.2
	IV	99.2	100.3	100.6	101.4	105.4	104.5	104.1	104.0	
month	1	105.9	98.2	100.5	101.3	101.2	105.3	103.8	104.8	105.3
	2	104.5	98.2	100.6	101.1	101.6	106.0	103.5	105.1	105.8
	3	105.0	98.3	100.4	101.3	101.7	105.5	104.2	104.9	105.6
	4	104.8	100.2	100.6	101.0	102.0	104.9	104.6	105.0	105.5
	5	104.7	101.2	100.8	100.8	102.3	105.2	104.6	104.9	105.8
	6	103.8	101.0	100.9	100.7	103.1	105.3	103.9	104.4	105.3
	7	102.8	100.6	101.0	101.0	103.1	105.4	103.8	104.0	104.8
	8	102.0	100.4	101.3	101.2	103.6	105.4	104.1	104.1	105.5
	9	101.1	100.0	101.2	101.8	104.5	105.4	104.1	103.8	105.3
	10	99.9	100.2	100.5	101.4	105.1	104.8	104.1	103.8	104.9
	11	99.2	100.5	100.4	101.4	105.5	104.7	104.1	103.6	
	12	98.4	100.3	101.0	101.2	105.6	103.9	103.9	104.7	
Manufacturing industry, survey results ³										
year		-4	-49	-13	-26	-22	4	-13	-31	
quarter	I	18	-51	-27	-11	-30	2	4	-29	-28
	II	8	-52	-14	-25	-28	-1	-8	-33	-27
	III	-9	-52	-5	-31	-22	8	-22	-33	-34
	IV	-31	-38	-4	-36	-7	5	-27	-30	
month	1	19	-47	-30	-6	-32	-5	5	-27	-26
	2	16	-53	-26	-11	-29	-7	2	-29	-27
	3	19	-53	-26	-16	-30	-5	2	-31	-28
	4	8	-53	-18	-20	-30	-5	2	-31	-28
	5	11	-52	-13	-25	-31	0	-7	-33	-24
	6	-5	-51	-11	-30	-24	1	-18	-36	-27
	7	-2	-52	-8	-31	-27	8	-23	-32	-32
	8	-9	-54	-6	-30	-19	10	-20	-33	-35
	9	-15	-51	-1	-31	-18	6	-23	-33	-34
	10	-21	-43	-4	-36	-15	4	-26	-30	-38
	11	-33	-39	-5	-36	-6	8	-25	-32	
	12	-40	-33	-4	-36	-1	4	-31	-28	
Construction industry, survey results ³										
year		-28	-28	-33	-26	-30	-20	-22	-17	
quarter	I	-19	-41	-33	-19	-31	-20	-22	-16	-21
	II	-34	-28	-35	-28	-29	-21	-22	-13	-29
	III	-27	-19	-35	-28	-35	-18	-19	-18	-26
	IV	-32	-24	-27	-28	-24	-23	-24	-22	
month	1	-16	-40	-28	-18	-33	-23	-28	-18	-15
	2	-21	-43	-37	-26	-28	-19	-19	-17	-24
	3	-22	-42	-35	-14	-33	-17	-21	-15	-24
	4	-26	-37	-34	-26	-29	-23	-19	-12	-33
	5	-41	-26	-33	-28	-30	-23	-22	-9	-25
	6	-35	-23	-39	-32	-28	-19	-25	-19	-29
	7	-30	-19	-48	-27	-28	-20	-19	-12	-36
	8	-34	-12	-27	-32	-41	-25	-17	-18	-15
	9	-18	-27	-31	-26	-38	-9	-23	-24	-26
	10	-32	-29	-31	-27	-25	-26	-26	-19	-33
	11	-25	-9	-25	-32	-25	-23	-25	-29	
	12	-42	-35	-26	-25	-22	-21	-23	-18	
Consumer confidence index ^{3,4} 1975 = 100										
year		98	100	97	105	115	114	108	107	
quarter	I	99	92	99	100	109	118	104	109	117
	II	104	106	99	104	114	115	112	107	118
	III	97	103	96	107	118	112	110	107	109
	IV	90	100	94	111	121	109	107	107	
month	1									114
	2									119
	3									119
	4									118
	5									122
	6									115
	7									110
	8									109
	9									108
	10									
	11									
	12									
Share price index ³ 1975 = 100										
year		135	100	82	66	68	82	105	160	
quarter	I	156	111	87	73	61	76	87	171	143
	II	153	109	78	64	62	81	90	187	130
	III	122	93	90	67	72	88	107	146	121
	IV	108	86	75	62	77	84	138	135	
month	1	153	102	86	76	58	75	86	158	136
	2	156	114	90	72	62	79	88	175	142
	3	161	117	84	70	62	74	88	181	150
	4	167	112	76	66	59	78	88	190	139
	5	152	111	77	64	62	82	88	195	131
	6	139	105	81	62	64	83	93	177	119
	7	130	95	92	63	64	84	95	142	113
	8	126	92	92	65	69	89	107	155	124
	9	110	92	86	72	82	90	119	142	126
	10	106	86	74	66	83	90	135	131	
	11	114	85	72	63	74	84	142	135	
	12	104	88	80	57	74	80	138	139	

United Kingdom

		1974	1975	1976	1977	1978	1979	1980	1981	1982
Gross domestic product 1975=100										
year		100.4	100.0	103.7	105.0	107.8	109.0	107.3	105.7	:
quarter	I	99.4	99.8	103.7	104.1	107.2	107.1	108.8	105.4	106.5
	II	100.6	100.3	102.4	104.8	108.3	110.3	107.0	105.7	106.4
	III	101.9	98.8	103.9	104.5	107.6	108.9	106.8	105.8	:
	IV	99.9	101.2	104.7	106.8	108.2	109.6	106.5	105.9	:
Index of industrial production 1975=100										
year		105.0	100.0	102.7	107.4	110.8	115.0	111.5	103.4	:
quarter	I	100.9	103.0	100.0	107.5	108.3	113.2	114.9	102.4	103.9
	II	107.6	99.3	102.7	107.4	111.4	117.6	112.2	103.0	104.6
	III	107.3	98.1	102.8	107.9	112.1	114.5	108.1	103.5	:
	IV	104.2	99.5	105.4	106.9	111.3	114.5	110.6	104.5	:
month	1	99.4	103.9	99.1	107.4	108.2	107.0	116.3	101.8	103.2
	2	99.9	103.5	100.3	107.5	108.7	115.8	112.3	102.7	103.9
	3	103.5	101.7	100.7	107.7	108.1	116.9	116.1	102.7	104.7
	4	106.5	100.3	102.0	107.1	111.8	116.1	112.1	103.1	104.8
	5	107.8	98.6	103.8	109.2	110.5	117.7	113.3	102.3	105.5
	6	108.4	99.1	102.3	106.0	111.9	119.0	111.3	103.7	103.5
	7	107.7	98.5	102.6	107.5	112.2	118.0	109.2	103.3	104.4
	8	108.1	97.0	102.3	108.1	112.4	113.6	109.3	103.1	104.5
	9	106.1	98.9	103.5	108.1	111.6	112.0	105.9	104.1	:
	10	105.1	99.9	104.9	106.5	110.1	113.4	109.9	105.9	:
	11	104.8	99.8	105.5	106.4	110.9	116.2	112.1	104.2	:
	12	102.8	98.8	105.9	107.7	113.0	113.8	109.9	103.5	:
Economic sentiment indicator ³ 1975=100										
year		:	:	102.9	103.2	103.9	103.8	101.1	100.9	:
quarter	I	:	:	103.4	102.8	104.0	103.7	102.0	100.6	101.2
	II	:	:	103.9	102.5	103.7	104.9	101.2	101.1	101.9
	III	:	:	102.9	103.2	104.0	104.0	100.7	101.2	102.1
	IV	:	:	101.5	104.1	103.8	102.6	100.5	100.7	:
month	1	:	:	103.2	102.9	104.3	103.4	102.3	100.6	101.2
	2	:	:	103.4	102.8	104.0	103.3	102.3	100.6	101.1
	3	:	:	103.6	102.8	103.7	104.4	101.6	100.6	101.4
	4	:	:	103.9	102.5	103.7	104.9	101.5	100.9	101.6
	5	:	:	104.1	102.5	103.8	105.1	101.0	101.4	102.0
	6	:	:	103.6	102.7	103.7	104.3	101.0	101.2	102.2
	7	:	:	103.4	102.8	103.8	104.1	100.8	100.9	101.2
	8	:	:	103.0	103.2	104.1	103.6	100.5	101.1	102.3
	9	:	:	102.3	103.8	104.0	103.3	100.9	100.5	102.5
	10	:	:	101.3	104.1	103.7	102.7	100.5	101.0	:
	11	:	:	101.4	104.1	103.7	102.7	100.5	101.0	:
	12	:	:	101.9	104.2	103.7	102.0	100.3	100.8	:
Manufacturing industry, survey results ³										
year		:	:	19	3	- 4	- 4	-43	-33	:
quarter	I	:	:	8	20	- 4	- 5	-22	-47	-24
	II	:	:	23	0	- 8	- 6	-38	-36	-24
	III	:	:	27	- 6	- 4	- 4	-54	-26	-26
	IV	:	:	19	- 3	- 1	-12	-56	-25	:
month	1	:	:	6	24	- 2	- 2	-22	-47	-25
	2	:	:	6	21	0	-13	-18	-47	-26
	3	:	:	12	16	-10	2	-27	-46	-22
	4	:	:	19	5	- 8	7	-31	-39	-24
	5	:	:	22	- 2	- 6	8	-37	-37	-24
	6	:	:	26	- 4	- 9	4	-46	-33	-24
	7	:	:	26	- 6	- 5	1	-50	-28	-23
	8	:	:	27	- 7	- 4	- 5	-52	-25	-27
	9	:	:	26	- 5	- 3	- 9	-59	-24	-27
	10	:	:	25	- 8	- 3	-12	-53	-26	-27
	11	:	:	17	- 2	- 2	-11	-59	-24	:
	12	:	:	16	- 3	1	-14	-57	-25	:
Construction industry, survey results ³										
year		:	:	:	-28	- 8	1	-30	-51	:
quarter	I	:	:	:	-35	-11	0	-13	-51	-49
	II	:	:	:	-35	-12	6	-29	-48	-45
	III	:	:	:	-28	- 5	5	-36	-55	-38
	IV	:	:	:	-14	- 2	- 8	-43	-51	:
Consumer confidence index ^{3, 4} 1975=100										
year		107	100	111	122	137	123	104	104	:
quarter	I	108	100	116	110	145	123	104	104	105
	II	108	94	118	111	140	135	106	106	121
	III	108	99	107	127	135	125	103	106	120
	IV	107	107	102	141	127	109	103	100	:
month	1	:	:	:	:	:	:	109	105	106
	2	:	:	:	:	:	:	105	104	102
	3	:	:	:	:	:	:	99	102	108
	4	:	:	:	:	:	:	106	99	114
	5	:	:	:	:	:	:	107	111	123
	6	:	:	:	:	:	:	105	107	126
	7	:	:	:	:	:	:	100	110	120
	8	:	:	:	:	:	:	105	102	120
	9	:	:	:	:	:	:	102	107	119
	10	:	:	:	:	:	:	108	99	122
	11	:	:	:	:	:	:	101	103	:
	12	:	:	:	:	:	:	101	99	:
Share price index ³ 1975=100										
year		80	100	120	154	173	197	210	237	:
quarter	I	103	78	128	133	162	187	196	226	251
	II	92	103	128	147	168	212	197	247	263
	III	70	102	118	163	183	198	218	243	275
	IV	55	117	105	171	180	189	229	231	:
month	1	106	58	127	127	168	179	190	219	246
	2	104	84	129	133	159	179	202	227	254
	3	98	92	129	139	159	204	196	231	253
	4	94	97	130	139	162	216	193	248	256
	5	95	106	132	152	172	216	195	250	267
	6	87	107	123	151	170	204	204	244	266
	7	79	100	124	151	173	197	216	241	265
	8	69	98	119	162	186	198	217	252	271
	9	63	108	112	176	189	200	222	236	290
	10	60	112	99	178	184	202	226	219	305
	11	55	120	103	167	176	182	235	235	:
	12	49	118	112	168	180	183	226	240	:

TABLE 3: Monthly survey of manufacturing industry — Monthly questions and the composite business climate indicator
Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (a)

		Range (b)		1979	1980	1981	1981 IV	1982				1982				
		Peak 1972/73	Trough 1974/75					I	II	III	May	June	July	Aug.	Sept.	Oct.
B	production expectations	+31	-56	-3	-24	-26	-21	-18	-12	-16	-11	-14	-14	-18	-18	-25
	order-books	+13	-66	-30	-31	-45	-41	-42	-38	-37	-38	-35	-36	-36	-40	-38
	export order-books	+15	-82	-28	-36	-47	-38	-41	-38	-39	-39	-36	-38	-37	-41	-42
	stocks of finished products	-14	+37	+12	+11	+11	+9	+8	+3	+10	+5	+2	+11	+9	+10	+13
	selling-price expectations	+64	-10	+27	+20	+29	+38	+34	+33	+23	+33	+27	+24	+20	+24	+24
	business climate indicator	+22,5	-46,5	-7,5	-17,5	-18,5	-15	-13	-7,5	-13	-8	-8	-12,5	-13,5	-14	-19
DK	production expectations	:	:	:	-4	-3	+7	-14	+16	-7	:	:	:	:	:	:
	order-books	:	:	:	-6	-24	-18	-15	-14	-23	:	:	:	:	:	:
	export order-books	:	:	:	+9	-8	-3	-1	-3	-12	:	:	:	:	:	:
	stocks of finished products	:	:	:	+16	+17	+13	+11	+15	+19	:	:	:	:	:	:
	business climate indicator	:	:	:	-10	-10	-3	-12,5	+0,5	-13	:	:	:	:	:	:
	D	production expectations	+17	-32	+6	-10	-17	-12	-14	-14	-22	-15	-16	-16	-21	-28
order-books		+5	-73	-15	-21	-46	-45	-48	-51	-56	-51	-53	-55	-55	-57	-57
export order-books (c)		+23	-33	+4	-4	-1	+2	-1	-3	-9	-3	-6	-5	-13	-19	-15
stocks of finished products		-7	+43	+4	+11	+26	+27	+23	+25	+27	+25	+26	+26	+26	+28	+28
selling-price expectations		+55	+4	+32	+26	+32	+33	+24	+19	+17	+19	+18	+18	+16	+16	+17
business climate indicator		+5	-37,5	+1	-10,5	-21,5	-20	-18,5	-19,5	-24,5	-20	-21	-21	-23,5	-28	-29
F	production expectations	+33	-29	+12	-6	-11	-1	+2	+1	-5	+4	-2	0	:	-10	-14
	order-books	+26	-69	-9	-22	-46	-37	-30	-28	-33	-28	-30	-30	:	-36	-31
	export order-books	+24	-66	-1	-29	-47	-43	-35	-36	-34	-39	-33	-29	:	-38	-42
	stocks of finished products	-14	+50	+10	+17	+34	+23	+19	+13	+16	+11	+12	+17	:	+14	+14
	selling-price expectations	+76	+15	+55	+50	+54	+64	+52	+54	+30	+57	+53	+17	:	+43	+60
	business climate indicator	+23,5	-39,5	+1	-11,5	-22,5	-12	-8,5	-6	-10,5	-3,5	-7	-8,5	:	-12	-14
IRL	production expectations	:	-21	:	-12	-1	+6	+1	+1	-8	0	-2	-9	-3	-13	-11
	order-books	:	-68	:	-50	-36	-22	-38	-26	-45	-21	-31	-43	-42	-51	-47
	export order-books	:	-22	:	-6	+2	+6	-10	+2	-14	-4	+11	-13	-7	-23	+1
	stocks of finished products	:	+35	:	+31	+16	+12	+9	+9	+21	+9	+9	+23	+16	+24	+18
	selling-price expectations	:	+64	:	+43	+41	+46	+47	+40	+27	+38	+37	+36	+21	+25	+25
	business climate indicator	:	-28	:	-21,5	-8,5	-3	-4	-4	-14,5	-4,5	-5,5	-16	-9,5	-18,5	-14,5
I	production expectations	+40	-43	+13	-7	-16	-16	-8	-8	-19	-4	-6	-16	-20	-22	-26
	order-books	+30	-82	-5	-22	-49	-47	-53	-49	-53	-47	-52	-50	-58	-52	-55
	export order-books	+13	-67	-14	-37	-45	-37	-46	-45	-51	-43	-48	-49	-49	-55	-52
	stocks of finished products	-24	+53	-1	+11	+28	+27	+24	+23	+28	+22	+24	+30	+26	+28	+32
	selling-price expectations	+76	+10	+66	+63	+59	+57	+50	+48	+54	+45	+52	+52	+54	+56	+48
	business climate indicator	+32	-48	+5	-9	-22	-21,5	-16	-15,5	-23,5	-13	-15	-23	-23	-25	-29
L	production expectations	+84	-80	-2	-33	-39	-40	-37	-43	-45	-40	-42	-39	-39	-56	-39
	order-books	:	:	..	-44	-62	-58	-49	-62	-60	-66	-57	-57	-58	-65	-65
	export order-books	:	:	..	-26	-52	-81	-77	-59	-78	-86	-74	-74	-75	-81	-84
	stocks of finished products	-14	+74	+48	+63	+28	+14	+11	+7	+13	+16	+9	+15	+10	+14	+18
	selling-price expectations	:	-64	+14	+8	+60	+72	+69	+9	-23	+2	-11	-5	-29	-35	-33
	business climate indicator	+48	-77	-25	-48	-33,5	-27	-24	-25	-29	-28	-25,5	-27	-24,5	-35	-28,5
NL	production expectations	+26	-23	+7	-3	-6	-7	-3	-1	-5	-2	-1	-3	-5	-7	-6
	order-books	+7	-48	-13	-20	-37	-34	-38	-40	-41	-40	-41	-41	-40	-41	-35
	stocks of finished products	-1	+57	+8	+15	+32	+32	+38	+36	+32	+36	+36	+33	+33	+29	+28
	business climate indicator	+13,5	-40	-0,5	-9	-19	-19,5	-20,5	-18,5	-18,5	-19	-18,5	-18	-19	-18	-17
UK	production expectations	:	:	+12	-30	-4	+4	+5	+1	+1	-1	+2	+3	-1	0	-4
	order-books	:	:	-18	-65	-69	-58	-54	-52	-53	-49	-53	-54	-52	-54	-52
	export order-books	:	:	-20	-45	-55	-45	-44	-46	-50	-46	-47	-47	-52	-50	-48
	stocks of finished products	:	:	+7	+34	+27	+21	+24	+21	+24	+21	+22	+19	+27	+27	+24
	selling-price expectations	:	:	+65	+36	+25	+40	+37	+26	+27	+25	+26	+35	+24	+22	+17
	business climate indicator	:	:	+2,5	-32	-15,5	-8,5	-9,5	-10	-12,5	-11	-10	-8	-14	-13,5	-14
EC(d)	production expectations	+24	-30	+9	-13	-13	-7	-6	-6	-13	-5	-7	-8	-13	-17	-20
	order-books	+15	-70	-12	-31	-51	-45	-45	-45	-49	-45	-47	-48	-48	-50	-49
	export order-books	+14	-48	-6	-24	-31	-25	-26	-27	-31	-27	-28	-27	-31	-36	-34
	stocks of finished products	-10	+48	+5	+17	+28	+24	+22	+20	+23	+19	+21	+23	+24	+23	+24
	selling-price expectations	+69	+9	+49	+38	+40	+46	+38	+33	+28	+34	+33	+26	+26	+30	+32
	business climate indicator	+16,5	-38,5	+2	-15	-20,5	-15,5	-14	-13	-18	-12	-14	-15,5	-18,5	-20	-22

TABLE 4: Monthly survey of manufacturing industry — Production expectations in the major sectors of manufacturing industry
Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (a)

	Industrial sector	Range (b)		1979	1980	1981	1981 IV	1982				1982					
		Peak 1972/73	Trough 1974/75					I	II	III	May	June	July	Aug.	Sept.	Oct.	
B	consumer goods	+ 34	- 43	- 4	- 17	- 28	- 22	- 17	- 2	- 8	- 3	- 1	- 3	- 13	- 9	- 19	
	investment goods	+ 27	- 58	- 3	- 23	- 31	- 33	- 28	- 19	- 20	- 15	- 20	- 15	- 27	- 18	- 28	
	intermediate goods	+ 26	- 63	- 4	- 31	- 23	- 14	- 18	- 18	- 23	- 16	- 24	- 22	- 20	- 27	- 30	
DK	consumer goods	:	:	:	+ 5	+ 1	+ 15	- 19	+ 21	+ 4	:	:	:	:	:	:	
	investment goods	:	:	:	- 4	0	+ 14	- 5	+ 21	- 16	:	:	:	:	:	:	
	intermediate goods	:	:	:	- 9	- 10	- 12	- 23	+ 12	- 6	:	:	:	:	:	:	
D	consumer goods	+ 18	- 30	- 1	- 5	- 16	- 12	- 13	- 14	- 23	- 14	- 15	- 14	- 25	- 30	- 27	
	investment goods	+ 17	- 28	+ 9	- 1	- 11	- 10	- 13	- 16	- 21	- 16	- 18	- 17	- 20	- 27	- 25	
	intermediate goods	+ 26	- 41	+ 6	- 15	- 20	- 15	- 15	- 14	- 21	- 15	- 15	- 15	- 21	- 26	- 34	
F	consumer goods	+ 42	- 22	+ 21	- 0	- 8	+ 11	+ 10	+ 21	+ 16	+ 30	+ 14	+ 24	+ 16	+ 8	+ 3	
	investment goods	+ 35	- 31	+ 6	- 1	- 6	- 5	0	- 6	- 6	- 11	0	- 3	- 5	- 9	- 21	
	intermediate goods	+ 33	- 39	+ 9	- 15	- 18	- 8	- 2	- 9	- 20	- 6	- 16	- 17	- 20	- 22	- 21	
IRL	consumer goods	:	- 28	:	- 12	- 9	- 7	- 7	+ 4	+ 1	+ 8	- 6	+ 26	- 1	- 23	+ 10	
	investment goods	:	- 65	:	- 15	- 7	+ 12	+ 28	+ 23	+ 24	+ 39	+ 21	+ 22	+ 20	+ 31	+ 36	
	intermediate goods	:	- 22	:	- 18	- 6	+ 1	- 3	- 4	- 21	- 7	- 13	- 30	- 8	- 25	- 30	
I	consumer goods	+ 36	- 55	+ 14	- 5	- 18	- 16	- 8	- 8	- 14	- 6	- 1	- 15	- 14	- 13	- 18	
	investment goods	+ 41	- 34	+ 9	+ 3	- 11	- 12	- 10	- 10	- 18	- 7	- 7	- 17	- 16	- 20	- 10	
	intermediate goods	+ 49	- 39	+ 14	- 8	- 14	- 17	- 7	- 6	- 18	- 2	- 10	- 11	- 21	- 21	- 31	
L	consumer goods	+ 43	- 73	+ 15	+ 23	+ 19	+ 29	+ 1	+ 5	+ 15	- 21	+ 12	+ 3	- 1	+ 43	+ 41	
	investment goods	+ 33	- 41	- 7	- 13	- 38	- 30	- 13	- 6	- 4	- 10	- 3	+ 2	+ 1	- 16	- 6	
	intermediate goods	:	:	- 8	- 42	- 43	- 47	- 44	- 55	- 58	- 47	- 56	- 51	- 50	- 72	- 54	
NL	consumer goods	+ 33	- 26	+ 11	- 1	- 3	- 9	- 1	- 4	- 9	- 4	0	- 7	- 8	- 12	+ 3	
	investment goods	+ 42	- 53	+ 1	- 6	- 8	- 8	- 10	- 6	- 4	- 9	- 8	- 3	- 4	- 5	- 7	
	intermediate goods	+ 43	- 22	+ 12	- 1	- 4	- 5	0	+ 2	- 5	+ 3	+ 4	- 4	- 5	- 6	- 9	
UK	consumer goods	:	:	+ 15	- 29	- 5	+ 4	+ 3	+ 5	+ 5	+ 3	+ 5	+ 10	+ 3	+ 1	+ 1	
	investment goods	:	:	+ 16	- 18	- 8	- 5	+ 6	- 1	- 2	- 4	+ 4	- 1	0	- 4	- 4	
	intermediate goods	:	:	+ 7	- 40	- 4	+ 4	+ 1	- 4	- 1	- 5	- 5	+ 2	- 3	+ 2	- 3	
EC(d)	consumer goods	+ 29	- 26	+ 9	- 9	- 13	- 5	- 3	0	- 6	+ 2	0	0	- 6	- 11	- 11	
	investment goods	+ 28	- 29	+ 9	- 5	- 10	- 9	- 6	- 10	- 12	- 11	- 8	- 9	- 11	- 16	- 17	
	intermediate goods	+ 32	- 37	+ 8	- 19	- 15	- 9	- 8	- 9	- 16	- 8	- 12	- 10	- 17	- 20	- 22	

The economic sentiment indicator—composition and method of calculation. — The economic sentiment indicator is a composite index of series reflecting the state of public opinion on the economic situation and outlook. It comprises the judgments of producers, as taken from the EC business surveys (manufacturing and construction industries), of consumers, as expressed in the EC consumer surveys, and of investors, as reflected in the share price indices. These series are chosen on the grounds that they provide a rapid indication of the current views and expectations of economic agents, whose actions are subsequently reflected in the statistical indicators for production, consumption, prices and employment. As illustrated in Graphs 1 and 2, this composite indicator provides a qualitative means of monitoring the development of economic activity. In particular, turning-points in the indicator frequently precede the corresponding turning-points in output. It should be emphasized that the range of variation of the economic sentiment indicator does not necessarily correspond to that of the output series, so that attention should be concentrated on the direction of the indicator's variations rather than on their size.

Component series

The component series of the economic sentiment indicator are as follows.

- An average of three monthly series of results from the EC survey of manufacturing industry, presented in the graphs and Table 1 in the form of net balances, seasonally adjusted; the series are
 - production expectations for the three or four months ahead;
 - judgments on the level of stocks of finished products (inverted);
 - judgments on the level of order-books.
- An average of two series, monthly or quarterly according to country, of results from the EC survey of the construction industry, presented in the form of net balances, seasonally adjusted; these are
 - employment expectations for the months ahead, and
 - judgments on the level of order-books.
- The consumer confidence index (base 1975 = 100),¹ monthly or quarterly according to country, based on five questions in the EC consumer survey relating to
 - the financial situation of households now compared to 12 months ago;
 - the financial prospects of households over the next 12 months;
 - the general economic situation now compared to 12 months ago;
 - the prospects for the general economic situation over the next 12 months and
 - the advisability of making major purchases (of consumer durables).
- The share price index (base 1975 = 100), on a monthly basis, in original form in the tables and in ratio-to-trend form in the graphs (the latter form is used in computing the economic sentiment indicator—see below).

Calculation of the economic sentiment indicator

The survey of manufacturing industry, the consumer confidence index and the share price index are given equal weight, while the construction industry indicator is attributed half the weight of each of the other three, in calculating the average which represents the economic sentiment indicator. The share price index is included in the composite indicator in ratio-to-trend form, in order to separate short-term or cyclical variations from long-term increases in the real and nominal value of stocks and shares. The long-term trend of the series is calculated using the NBER Bry-Boschan growth cycle programme.²

The calculation of the composite index also follows the NBER method, comprising four stages:

- for each component series, month-to-month changes (per cent or differences) are computed;
- each series of month-to-month changes is standardized (to prevent a volatile series from dominating the composite index) by dividing it by its mean monthly value;
- a weighted average of the standardized changes is calculated for each month, the weights being as described above;
- the series of average changes is cumulated to provide an index, which is based on 1975 = 100.

The data for the indicator and its components are set out in Table 1, for the Community, and Table 2, for the Federal Republic of Germany, France, Italy and the United Kingdom. Corresponding data for other Member States will be published in the February 1983, issue of this Supplement.

**TABLE 1: Indicators of output and economic sentiment
EUROPEAN COMMUNITY¹**

		1974	1975	1976	1977	1978	1979	1980	1981	1982
Gross domestic product² 1975 = 100										
year		101.3	100.0	105.0	107.6	111.3	115.3	116.8	116.3	117.0
quarter	I	101.6	99.2	103.7	107.4	109.6	113.4	118.2	116.6	117.0
	II	101.7	99.4	104.4	107.0	111.1	115.2	116.6	115.9	117.0
	III	101.9	99.7	105.3	107.3	111.4	115.5	115.9	115.8	117.0
	IV	100.0	101.7	106.7	108.6	113.0	117.1	116.3	117.0	117.0
Index of industrial production, 1975 = 100										
year		107.1	100.0	107.4	109.9	112.5	117.9	116.9	113.9	114.6
quarter	I	108.6	101.9	104.2	112.9	109.7	114.1	119.9	114.0	114.6
	II	109.4	97.6	106.8	110.8	110.5	116.6	118.4	113.8	114.6
	III	107.5	97.1	107.5	109.4	111.2	117.6	115.3	113.9	114.6
	IV	104.0	100.7	110.3	109.1	113.9	118.9	113.8	113.9	114.6
month	1	107.8	101.5	102.8	113.5	109.5	112.6	119.7	112.8	115.0
	2	109.1	102.4	105.1	112.6	109.4	115.4	119.8	115.6	114.7
	3	109.0	101.8	104.6	112.6	110.1	117.0	120.8	113.9	114.6
	4	108.9	98.1	106.1	112.0	111.3	117.1	119.5	113.8	114.6
	5	108.5	97.5	107.3	110.5	110.4	116.8	117.6	113.8	115.3
	6	110.9	97.3	106.9	109.8	109.7	118.5	118.4	114.3	112.9
	7	107.6	96.6	106.5	108.8	111.0	118.9	118.0	114.5	112.9
	8	107.0	96.6	106.0	109.1	110.4	117.7	114.4	112.6	111.6
	9	107.8	98.2	109.9	110.2	112.1	119.0	113.8	114.8	114.8
	10	105.7	99.6	109.7	109.5	112.8	118.5	114.1	114.5	114.5
	11	105.1	101.4	110.6	108.8	113.3	120.0	115.0	114.6	114.6
	12	101.3	101.2	110.5	108.9	115.6	121.0	113.4	113.3	113.3
Economic sentiment indicator³ 1975 = 100										
year		101.4	100.0	102.9	102.3	103.9	104.5	101.8	100.0	100.1
quarter	I	103.4	98.8	103.0	102.0	103.1	104.5	102.8	100.1	100.1
	II	102.8	100.1	103.8	101.9	103.7	105.1	102.0	100.2	100.6
	III	100.7	100.1	103.1	102.3	104.2	104.8	101.4	100.0	100.2
	IV	98.7	101.0	101.6	102.8	104.5	103.8	100.9	99.7	99.7
month	1	103.9	98.3	102.5	102.0	103.0	104.5	103.0	100.3	99.9
	2	103.2	98.8	103.0	102.0	103.1	104.3	102.7	100.1	100.1
	3	103.1	99.4	103.4	102.0	103.2	104.8	102.6	100.1	100.3
	4	103.0	99.7	103.7	101.9	103.5	105.0	102.3	100.4	100.5
	5	103.0	100.3	103.9	101.9	103.7	105.2	102.0	100.3	100.8
	6	102.4	100.2	103.7	101.9	103.8	105.0	101.8	100.1	100.5
	7	101.5	100.1	103.5	102.0	103.9	104.9	101.5	99.9	100.3
	8	100.9	100.1	103.1	102.3	104.2	104.8	101.5	100.1	100.2
	9	99.7	100.1	102.6	102.6	104.3	104.6	101.2	99.9	100.3
	10	99.1	100.4	101.7	102.6	104.3	104.1	101.2	99.6	100.2
	11	98.6	101.0	101.5	102.8	104.5	103.8	100.9	99.6	99.6
	12	98.3	101.7	101.7	102.9	104.6	103.4	100.5	99.8	99.8
Manufacturing industry, survey results³										
year		-10	-37	-10	-22	-17	-2	-20	-30	-24
quarter	I	3	-41	-15	-15	-22	-6	-7	-34	-24
	II	-2	-42	-6	-20	-19	-2	-14	-33	-24
	III	-13	-39	-6	-25	-14	-1	-27	-29	-28
	IV	-28	-28	-14	-26	-11	-2	-33	-25	-25
month	1	3	-40	-18	-14	-23	-8	-6	-32	-24
	2	3	-41	-16	-16	-22	-7	-9	-34	-24
	3	3	-42	-12	-16	-21	-4	-7	-35	-24
	4	0	-43	-8	-18	-21	-4	-10	-33	-23
	5	-1	-42	-7	-20	-19	-1	-14	-33	-23
	6	-4	-41	-5	-22	-17	0	-19	-34	-23
	7	-8	-40	-5	-23	-17	3	-25	-31	-26
	8	-11	-38	-5	-25	-13	2	-26	-29	-28
	9	-19	-39	-8	-26	-13	0	-30	-26	-30
	10	-23	-35	-12	-28	-13	-2	-30	-26	-30
	11	-29	-28	-14	-26	-11	-1	-33	-26	-30
	12	-33	-22	-14	-25	-8	-3	-35	-24	-24
Construction industry, survey results³										
year		:	:	:	-33	-21	-10	-23	-39	-4
quarter	I	:	:	:	-36	-26	-12	-14	-35	-4
	II	:	:	:	-36	-23	-10	-23	-36	-4
	III	:	:	:	-32	-20	-9	-25	-42	-4
	IV	:	:	:	-29	-14	-11	-31	-45	-4
Consumer confidence index^{3, 4} 1975 = 100										
year		98	100	107	107	113	109	99	94	9
quarter	I	99	96	106	106	113	111	99	94	9
	II	101	102	109	104	113	113	100	95	10
	III	98	101	107	108	113	109	99	93	9
	IV	96	101	104	111	113	105	98	92	9
Share price index³ 1975 = 100										
year		91	100	110	120	133	147	153	168	17
quarter	I	106	89	117	111	123	143	145	164	17
	II	100	103	115	117	129	152	145	174	17
	III	83	100	109	123	140	150	157	170	18
	IV	73	108	99	127	141	142	164	163	17
month	1	108	78	116	109	125	140	142	160	17
	2	107	92	118	111	122	139	150	165	17
	3	104	97	118	113	123	149	144	168	17
	4	103	101	117	114	126	154	142	176	17
	5	102	104	116	119	130	153	144	175	18
	6	96	102	113	118	131	148	149	170	17
	7	89	100	113	118	133	147	154	168	17
	8	84	99	110	123	141	150	156	175	17
	9	76	102	106	129	144	152	159	166	18
	10	73	104	97	130	143	147	163	158	18
	11	73	109	98	126	138	140	167	163	18
	12	72	110	103	125	141	140	162	167	18

Footnotes for Table 1 and 2

¹ Weighted total of available country data.

² Quarterly figures for the Federal Republic of Germany, France, Italy and UK.

³ See methodological note on page 4.

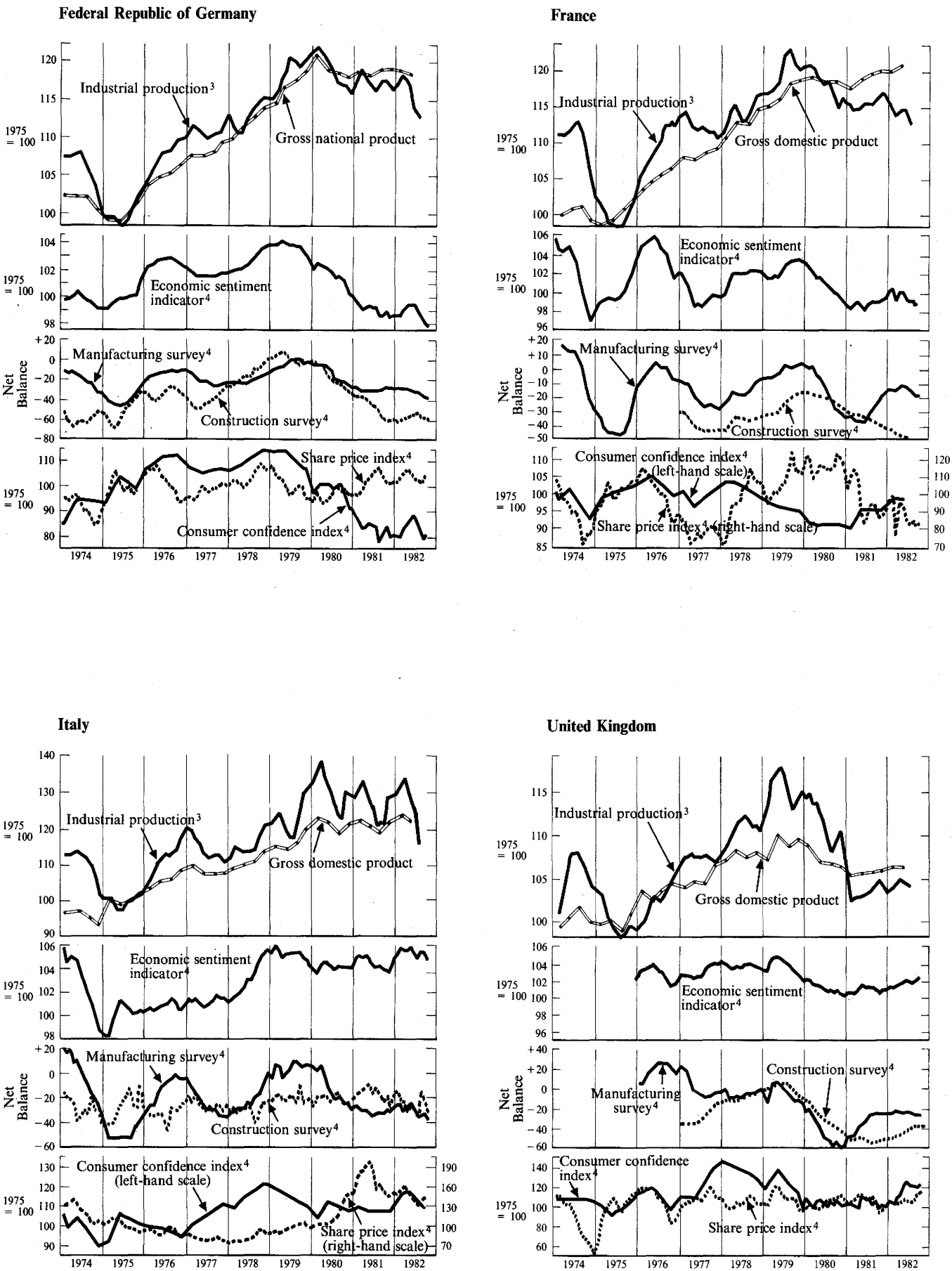
⁴ Quarterly series are constructed by attributing results of the January, May and October surveys to the first, second and fourth quarters respectively. Third quarter data are interpolated between second and fourth quarter values.

⁵ For the Federal Republic of Germany, gross national product.

¹ See, also, 'European Economy', Supplement C, 'Economic prospects—consumer survey results'.

² See 'Cyclical Analysis of Time Series: Selected Procedures and Computer Programs', by G. Bry and C. Boschan (National Bureau of Economic Research, 1971).

GRAPH 2: Indicators of output and economic sentiment in four Member States



¹ Weighted total of available country data.
² Quarterly figures for the Federal Republic of Germany, France, Italy and UK.
³ Three-month moving average.
⁴ See methodological note on page 4.

TABLE 5: Survey of the construction industry

Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (a)

		Range (b)		1979	1980	1981	1981	1982				1982				
		Peak 72/73	Trough 74/75					IV	I	II	III	May	June	July	Aug.	Sept. Oct.
B	order-books	-13	-47	-28	-32	-53	-54	-54	-55	-65	-54	-54	-65	-63	-66	-66
	employment expectations	+31	-24	0	-23	-41	-39	-33	-35	-37	-36	-34	-39	-34	-38	-35
	price expectations	+75	+25	+43	+31	+8	+4	+2	+1	-1	-1	+6	0	0	-2	-2
D	order-books	-17	-84	-7	-30	-61	-72	-70	-73	-74	-72	-72	-72	-75	-74	-75
	employment expectations	+10	-60	+9	-7	-35	-50	-50	-39	-40	-40	-36	-34	-42	-43	-46
	price expectations	+48	-37	+30	-5	-41	-38	-38	-39	-23	-40	-32	-26	-21	-22	-16
F	order-books	:	:	-37	-31	-48	-53	-56	-63	-66	:	:	:	:	:	:
	employment expectations	:	:	-15	-12	-24	-29	-33	-36	-34	:	:	:	:	:	:
I	order-books	-25	-68	-29	-33	-29	-34	-37	-46	-42	-46	-41	-50	-33	-43	-45
	employment expectations	+10	-44	-12	-11	-7	-10	-5	-12	-9	-4	-17	-22	+3	-9	-21
	price expectations	+85	+30	+71	+71	+71	+69	+72	+56	-56	+61	+59	+39	+60	+68	+45
L	order-books	+21	-50	-7	-12	-21	-28	-38	-44	-52	-49	-43	-49	-50	-57	-56
	employment expectations	+31	-39	+16	+6	-6	-25	-29	-29	-23	-27	-32	-29	-31	-8	-13
	price expectations	+82	+11	+46	+45	+30	+27	+25	+9	-20	+5	+7	+16	+29	+14	+10
NL	order-books	-8	-81	-19	-39	-50	-52	-52	-58	-59	-58	-58	-60	-59	-59	-61
	employment expectations	+14	-13	+11	-8	-14	-19	-25	-27	-25	-24	-26	-25	-25	-25	-22
UK	order-books	:	:	-6	-33	-60	-69	-64	-60	-56	:	:	:	:	:	:
	employment expectations	:	:	+7	-27	-42	-33	-34	-30	-19	:	:	:	:	:	:
	price expectations	:	:	+69	+53	-16	-24	-8	+1	+9	:	:	:	:	:	:
EC	order-books	:	:	-20	-32	-51	-58	-58	-62	-62	:	:	:	:	:	:
	employment expectations	:	:	-12	-14	-28	-32	-33	-31	-28	:	:	:	:	:	:

(a) Details of the questions are given below.

(b) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

(c) Owing to lack of data for certain Member States, Community totals are incomplete. As from issue No 8/1981 of Supplement B, the figures given in this table for France and the United Kingdom are seasonally adjusted.

Note: The annual and quarterly figures are averages of the corresponding monthly data, except for France and the United Kingdom, where the survey is carried out on a quarterly basis. The monthly and related quarterly data are seasonally adjusted unless otherwise indicated: the seasonal adjustment applied to the most recent observations is sometimes provisional, so that such data are subject to later revision.**Source:** European Community business surveys.

European Community business surveys

The Community's business surveys, of industry and the construction sector, have been progressively developed since 1962. They are undertaken by national institutions on the basis of the Commission's harmonized questionnaires. The results are communicated to the Commission which processes and publishes the data for Member States and the Community as a whole. The number of enterprises surveyed in manufacturing industry is about 20 000, and in the construction sector about 10 000.

The questions put in the business surveys have the content and periodicity set out below. In general, the questionnaires are sent out at end-month and are returned by the respondents in the course of the following two or three weeks.

QUESTIONS

Manufacturing industry, excluding food, beverages and tobacco

Monthly:

- estimate of production trend in recent months: up, unchanged, down?
- order-books: above normal, normal, below normal?
- export order-books: above normal, normal, below normal?
- stocks of finished products: above normal, normal, below normal?
- production expectations for the months ahead: up, unchanged, down?
- selling price expectations in the months ahead: up, unchanged, down?

Quarterly (January, April, July and October):

- employment expectations for the months ahead: up, unchanged, down?
- limits to production: none, insufficient demand, shortage of labour, lack of equipment?
- production capacity: more than sufficient, sufficient, not sufficient?
- duration of assured production: in months?
- new orders in the recent past: up, unchanged, down?
- export volume expectations for the months ahead: up, unchanged, down?
- capacity utilization: in %?
- stocks of raw materials: high, normal, low?

All industries, including manufacturing, extractive and food

Half-yearly (undertaken in March/April and October/November):

- investment trends and prospects: yearly percentage change of investment expenditure in current money values.

Building industry

Monthly (except for France and the United Kingdom, where the survey is carried out quarterly):

- current production compared with the preceding month: up, unchanged, down?
- factors holding up production: bad weather, shortage of manpower, shortage of equipment, none?
- order-books or production schedules: above normal, normal, below normal?
- employment expectations for the months ahead: up, unchanged, down?
- price expectations in the months ahead: up, unchanged, down?

Quarterly (January, April, July and October):

- duration of assured production: in months?

The surveys are undertaken by:

- B - Belgium: Banque Nationale de Belgique
- DK - Denmark: Danmarks Statistik
- D - Federal Republic of Germany: IFO (Institut für Wirtschaftsforschung)
- GR - Greece: Institute of Economic and Industrial Research
- F - France: INSEE (Institut National de la Statistique et des Etudes Economiques)
- IRL - Ireland: CII (Confederation of Irish Industries) and ESRI (Economic and Social Research Institute)
- I - Italy: ISCO (Istituto Nazionale per lo Studio della Congiuntura)
- L - Luxembourg: STATEC (Service Central de la Statistique et des Etudes Economiques)
- NL - Netherlands: CBS (Centraal Bureau voor de Statistiek)
- UK - United Kingdom: CBI (Confederation of British Industry), for the manufacturing industry survey
- DI (Department of Industry), for the investment survey
- National Federation of Building Trade Employers, for the construction survey.

Supplement B to 'European Economy', gives a monthly selection of the most recent results. The surveys of manufacturing industry are broken down by 20 industrial sectors, and also by consumer, intermediate and capital goods branches; the results in this detail are published each month by the Office for Official Publications of the European Communities in 'Business surveys' (ISSN 0378-4479). The results of consumer surveys appear three times a year in Supplement C to 'European Economy'.

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